

Article 10, Chapter 2, Part 4 of the Revenue and Taxation Code

Renter Property Tax Relief:

Section 2400: This article shall be known as the Renter Property Tax Relief Act of 1978.

Section 2401: It is the intent of the Legislature to insure that renters receive the benefit of tax reduction established by passage of Proposition 13 on June 6, 1978, enacting Article XIII A of the Constitution.

Section 2402: This act shall take effect simultaneously with Sections 1 and 2 of Article XIII A of the Constitution on July 1, 1978. If implementation of Sections 1 and 2 of Article XIII A is restrained by judicial order, this act shall not go into effect until restraint has been lifted. In the event of such a delay, the State Board of Equalization shall, if necessary, issue regulations containing a new timetable for the rent reductions provided for under this act.

Section 2403: This act shall apply to all housing which was rented or for rent in whole or in part on June 6, 1978, except such housing which is exempt from property taxes. All calculations shall be based upon the status and rent schedules of the property on June 6, 1978 unless otherwise specified.

Section 2404: Calculation of renter relief.

a. The rent paid upon each rental unit of rental property shall be decreased in proportion to the property tax savings accruing to the owner of the rental unit as a result of the enactment of Article XIII A of the Constitution. The savings which accrues to renters in the form of reduced rents shall constitute 80% of the total property tax savings on each rental property.

Section 2404

b. Upon the issuance of property tax bills reflecting the provisions of Sections 1 and 2 of Article XIII A of the Constitution, all owners of rental housing shall make the following calculations for each parcel of their property covered by this act. The calculations shall be made under oath on a standard form designed by the State Board of Equalization and made available by the county assessor.

Section 2404

1. The total taxes due as listed on the new property tax bill, including all installments, shall be subtracted from the total property tax bill for fiscal year 1977-78;
2. For buildings used entirely for rental purposes, renter property tax relief shall be the product of the property tax savings multiplied by 80%;
3. For owner-occupied buildings used partly for rental purposes, the proportionate share of the building which was rented or for rent shall be estimated, excluding the proportion that was owner-occupied. Renter property tax relief is the product of that rental proportion multiplied by 80% of the property tax savings.
4. Allocation of relief.

In buildings where the entire rent consists of a single periodic payment customarily made by one tenant or rental unit, the owner need make no allocation of the relief.

In buildings where separate periodic rental payments are customarily made by two or more tenants, the relief shall be allocated. The owner shall determine the percentage of total scheduled rent for the building on June 6, 1978 which was charged to each separate rental unit, including vacant units. That percentage, multiplied by the total renter property tax relief for the building, shall represent the allocated amount which will be returned to each tenant or separate rental unit through a rent reduction over the twelve month period of this act.

c. The rent in effect on June 6, 1978 shall be the base rent from which reductions are made. The base rent shall be reduced for a period of one year commencing on January 1, 1979. If rent is paid monthly, each month's maximum rent shall be the base rent minus $1/12$ of the renter property tax relief as allocated to each tenant or separate rental unit. If rental payments are other than monthly, the equivalent proportional reductions in the base rent shall be the maximum rent for the one year period.

Except as provided in Section 2407, the rent reductions established by this act shall expire on January 1, 1980.

Section 2405: Every owner shall provide to each of the owner's tenants by January 1, 1979 a copy of the standard form showing the calculations in Section 2404 and the specific rent reductions that the tenant will be receiving. A copy of the standard form and a list of rent reductions for the entire building shall be posted in the lobby of all buildings having 5 or more rental units.

Section 2406: If by January 1, 1979, the notices required by Section 2405 have not been provided in good faith, a tenant or tenants of the affected building may take any or all of the following actions until such time as compliance is achieved. Tenants availing themselves of any of these remedies shall not be subject to an unlawful detainer action or to any other form of retaliation by the owner.

a. Tenants may withhold one-half of the rent;

b. Tenants may seek injunctive relief on behalf of themselves and on behalf of other tenants to restrain the owner from demanding or receiving any rent until the owner has complied with this act;

c. Tenants may file a damage suit against the owner, and upon proof of willful violation of this act receive a judgment of three times

the amount of required rent reductions per month.

The district attorney may bring any action authorized under this section on behalf of tenants seeking compliance with this act.

Section 2407: Where an owner has made a good faith effort to comply with the provisions of this act and a tenant or tenants disagree with the accuracy or fairness of the calculations made under Section 2404, either the owner or the tenants may initiate an action in small claims court for collection of the disputed amounts.

Section 2408: Nothing in this act shall prohibit a city or county from establishing any administrative mechanism to assist in the administration of this act, nor shall it prohibit any city or county from extension or reestablishments of the renter property tax relief program, nor shall it prohibit any complementary programs or programs similar in intent from being established at the local level.

Section 2409: If a rental property is sold or substantial capital investment is made in improvements on the property in such a way as to require an increased cash flow of greater than 20% of the realized property tax savings referred to in this section, rents may be raised by the amount necessary to meet current payments on the property, provided that tenants are notified with a clear and detailed financial statement which documents the necessity for the increase and demonstrates that the rental increase is only sufficient to meet current costs.